

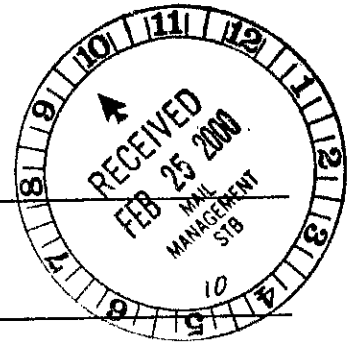
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BEFORE THE
SURFACE TRANSPORTATION BOARD

EX PARTE NO. 582



PUBLIC VIEWS ON MAJOR RAIL CONSOLIDATIONS

STATEMENT OF STATE SENATOR JOHN J.H. SCHWARZ, M.D.

I am the President *pro tempore* of the Michigan State Senate and reside at 251 Central Street, Battle Creek, Michigan, 49017. Battle Creek is the site of the major yard and home to most of the operating personnel of the Canadian National Railroad in the State of Michigan. Canadian National recently built a major engine fueling facility in Battle Creek. All fueling of Canadian National trains on the Chicago - Port Huron corridor is done in Battle Creek. In addition, Battle Creek is home to a car shop, and signal and maintenance-of-way facilities. The history of the Canadian National, the former Grand Trunk Western Railroad, with Battle Creek is long and close.

I support the merger of Burlington Northern Santa Fe with Canadian National. As one views the map of the proposed merged system it is clear that the Chicago - Port Huron link is critical. Without Chicago - Port Huron, the merger would not make sense.

The merger will result in increased traffic in the Chicago - Port Huron corridor and increased employment at all points on the Canadian National lines in Michigan but especially in Battle Creek.

The State of Michigan and its Governor, John Engler, were supportive of the Canadian National at the time the new tunnel was bored under the St. Clair river from Port Huron, Michigan to Sarnia, Ontario. This tunnel can accommodate all size and height rail cars including double stack intermodal. Of the two rail tunnels crossing from eastern Michigan to the western part of the Province of Ontario, only the Port Huron Sarnia tunnel can accommodate cars of any and all size. The existing Detroit-Windsor tunnel, owned in halves by Canadian National and Canadian Pacific cannot accommodate double stack cars. The floor of that tunnel was lowered several years ago so that it can now accommodate tri-level auto carriers.

My hope is that the Canadian National will negotiate the sale of its 50% share of the Detroit- Windsor tunnel as it ramps up for the merger with Burlington Northern Santa Fe.

It is my opinion, as one who has followed the rail industry for many years, that the BNSF-CN merger makes sense. It creates access to the ports of Montreal and Halifax in Canada as well as the American port of Buffalo on Lake Erie. Halifax is fully one and one-half to two days closer to European ports.

In closing, I strongly support the merger of CN and BNSF and ask for approval from the United States Surface Transportation Board.

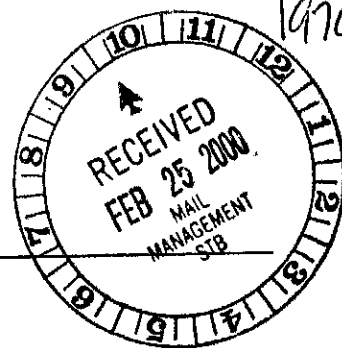
JOHN J.H. SCHWARZ, M.D.
State Senator, 24th District
President *pro tempore*

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